

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
February 18, 2020
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$15,000,000

Project Information:
Name: Ocotillo Springs Apartments
Project Address: 1615 I Street
Project City, County, Zip Code: Brawley, Imperial, 92227

Project Sponsor Information:
Name: Brawley Pacific Associates III, LP (TPC Holdings VII, LLC and Central Valley Coalition for Affordable Housing)
Principals: Caleb Roope for TPC Holdings VII, LLC; Alan Jenkins, Sid McIntyre, Steve Simmons, Christina Alley, Jennifer Bertuccio and Renee Downum for Central Valley Coalition for Affordable Housing
Property Management Company: Buckingham Property Management

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: California Bank & Trust
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: December 20, 2019
TEFRA Adoption Date: January 7, 2020

Description of Proposed Project:
State Ceiling Pool: Rural
Total Number of Units: 75
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

Ocotillo Springs Apartments is a new construction project located in Brawley on a 3.78-acre site. The project will consist of 74 restricted rental units and 1 unrestricted managers' units. The project will have 52 two-bedroom units and 22 three-bedroom units. There will be four 3-story buildings. Common amenities include a swimming pool, outdoor children's playground, covered picnic area, a large community space consisting of an office, maintenance room, computer center, exercise room and community room with a communal kitchen. Each unit will have a refrigerator, exhaust fans, dishwasher, garbage disposal, range & oven, and an outdoor patio or balcony with storage space. There are 152 parking spaces provided. According to the application, the project will include many green and sustainable features and will be certified LEED Gold. The construction is expected to begin May 2020 and be completed in May 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
66% (49 units) restricted to 50% or less of area median income households.
34% (25 units) restricted to 60% or less of area median income households.
Unit Mix: 2 & 3 bedrooms

The proposed project will be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 26,538,089
Estimated Hard Costs per Unit: \$ 203,324 \$15,249,300 /75 units including mgr. unit)
Estimated per Unit Cost: \$ 353,841 (\$26,538,089 /75 units including mgr. unit)
Allocation per Unit: \$ 200,000 (\$15,000,000 /75 units including mgr. unit)
Allocation per Restricted Rental Unit: \$ 202,703 (\$15,000,000 /74 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 15,000,000	\$ 2,600,000
Taxable Bond Proceeds	\$ 7,000,000	\$ 0
LIH Tax Credit Equity	\$ 1,282,760	\$ 12,781,551
Deferred Developer Fee	\$ 3,006,538	\$ 806,538
Deferred Costs	\$ 248,791	\$ 0
HCD/SGC - AHSC Loan	\$ 0	\$ 10,350,000
Total Sources	\$ 26,538,089	\$ 26,538,089

Uses of Funds:	
Land Cost/Acquisition	\$ 750,000
New Construction	\$ 16,349,358
Contractor Overhead & Profit	\$ 1,219,944
Architectural Fees	\$ 400,000
Survey and Engineering	\$ 240,000
Construction Interest and Fees	\$ 1,180,000
Permanent Financing	\$ 126,000
Legal Fees	\$ 70,000
Reserves	\$ 248,791
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 1,295,000
Local Development Impact Fees	\$ 1,236,352
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 406,106
Developer Costs	\$ 3,006,538
Total Uses	\$ 26,538,089

Analyst Comments:

None

Legal Questionnaire:

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

Total Points:

115 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$15,000,000 in tax-exempt bond allocation.

ATTACHMENT A

EVALUATION SCORING:

Point Criteria	Maximum Points Allowed for Non-Mixed Income Projects	Maximum Points Allowed for Mixed Income Projects	Points Scored
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	5
Gross Rents	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	10
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10
Negative Points (No Maximum)	-10	-10	0
Total Points	145	125	115